HAYWARD COMMERCIAL PROFILE

Hayward Planning Department
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SUMMARY

Hayward's commercial development provides:

1. The City with most of its sales tax revenue as well as a substantial amount of property tax,

2. Employment for one-quarter of the people that work in Hayward, and

3. Necessary goods and services for the residents of this community.

For these reasons it is of utmost importance that Hayward maintain the vitality of its commercial base and that the City keep informed regarding conditions that could affect the well-being of this development.

During the latter part of 1976, Intern Joanna Short prepared the following statistical analyses based on the data then available in the Planning Department. Of particular interest the report shows that:

1. While the amount of commercial activity per capita in other Southern Alameda County communities can be expected to increase at a faster rate than in Hayward, Hayward still leads in taxable retail sales and even when the effects of inflation are eliminated, retail sales per capita in Hayward continue to increase.

2. Hayward's general leadership in per capita retail sales results primarily from transactions for general merchandise (department/discount/variety store goods, etc.), automobiles and apparel.

3. Downtown is still a significant economic force in the City.

4. The City has more than an adequate amount of commercial zoning. (There is approximately 49.5 million square feet of land zoned for this purpose in Hayward. Of this area, 29.2 million square feet [59%] is used for commercial activities [including parking, landscaping, etc.], 10 million square feet [20%] of this zoned area is presently vacant, and 10.3 million square feet [21%] is used for non-commercial activities.) A program to reduce the amount of unused and unnecessary commercially-zoned land could benefit both the City and the private investors in this community.

During fiscal year 1976-77, the City of Hayward received $5,935,359 in sales tax revenue. The only higher source of revenue is the property tax which provided $6,484,582 during the same year and which in large part also resulted from Hayward's commercial development.

GENERAL METHODOLOGY

Phase one of the study was conducted in 1973 and consisted of a land use survey which identified how all commercially-zoned land in the City was actually used. The size of each parcel was measured and the amount of land use for each of the different classifications was determined by grouping all of the parcels of each type and totalling each group. for the land that was actually used commercially, a category called "use area" was also developed. In this category, the portion of the parcel used for business purposes was estimated. The "use area" calculations were made to determine the amount of land zoned commercially that was actually used for those activities and how much land various types of businesses found necessary for conducting that type of business.

Phase two occurred in 1975 and 1976. This phase consisted of obtaining sales figures for the year 1974 for businesses identified in the land use study from the City's Finance Department, Tax and License Division. These figures were obtained from returns filed with the Division as a portion of the requirements for securing a license to do business in the City. The year 1974 was chosen because it was the year closest to the time of the land use study for which data was available.

In 1976 and 1977 and previously gathered material was analyzed and related findings concerning the efficiency of various types of commercial activities in various locations determined. During this period also, State Board of Equalization data was collected and analyzed to determine the relative strength of Hayward's commercial base as compared with the base of other cities in the area. The Board of Equalization figures could not be exclusively used for the study, however, since this data is only available on a citywide basis.

TABLE I

State Board of Equalization Land Use Categories

Name of Category	Description
Apparel	Women's Apparel and Accessories Stores Men's Apparel and Custom Tailors Family Apparel Stores Shoe Stores
General Merchandise	Limited Price Variety Stores Department and Dry Goods Stores General Merchandise Stores
Drugs	Drug Stores
Food Stores	Grocery Stores without Alcoholic Beverages Food Stores other then Grocery Stores Grocery Stores with Beer and Wine Licenses Grocery Stores with General Liquor Licenses
Packaged Liquor	Package Liquor Stores
Eating and Drinking Places	Eating and Drinking Places without Alcoholic Beverages Eating and Drinking Places with Beer and Wine Licenses Eating and Drinking Places with General Liquor Licenses
Home Furnishings	Household and Home Furnishing Stores Radio and Household Appliance Stores
Building Materials	Farm Implement and Construction Equipment Stores Lumber and Building Materials Dealers Hardware Stores Plumbing and Electrical Supply Stores Paint, Glass and Wallpaper Stores

State Board of Equalization Land Use Categories (continued)

Name of Category	Description
Auto Dealers	New Motor Vehicle Dealers Automotive Supply Stores Used Automotive Dealers
Service Stations	Service Stations
Other Retail	Newspaper and Magazine Stands Art, Gift and Novelty Stores Sporting Goods Stores and Bicycle Stores Florist Shops Photographic Equipment and Supply Stores Music Stores Stationery and Book Stores Jewelry Stores Office Furniture and Equipment Stores Full-Time Specialty Stores Not Elsewhere Classified
All Other Outlets	Any Outlet Not Classified Above

USES OF COMMERCIALLY ZONED LAND

The City of Hayward has a total of 49.5 million square feet of land in its commercial zoning districts. Of this total, 13.5 million square feet are devoted to primary commercial activities; 15.7 million square feet are used for ancillary commercial activities, such as parking, landscaping, etc.; 9.5 million square feet are developed with residential structures; 0.8 million square feet are used for other non-commercial activities; and 10 million square feet are vacant.

TABLE 2

Commercial "Use Area"[2], City of Hayward by Districts[3], 1973

(in square feet)

Category	Downtown	Southland	Mission Boulevard	Rest of City	Total
Apparel	97,940	197,452	4,790	15,620	315,802
General Merchandise	248,560	695,285	106,110	89,510	1,139,465
Drugs	12,900	44,304	-	87,835	145,039
Food Stores	33,060	48,805	-	377,073	458,938
Package Liquors	6,250	-	-	45,893	52,143
Eating & Drinking Places	119,686	51,711	4,630	222,805	398,832
Home Furnishings	69,025	8,575	40,640	155,362	273,602
Building Materials	42,380	-	-	101,615	143,995
Auto Dealers	316,650	-	161,227	1,107,456	1,585,333
Service Stations	162,000	-	33,500	1,325,474	1,520,974
Other Retail	151,520	58,858	98,110	606,579	915,067
Total Retail	1,259,971	1,104,990	449,007	4,135,222	6,949,190
Wholesale & Services	2,233,069	180,359	209,492	4,009,748	6,632,668
TOTAL	3,493,040	1,285,349	658,499	8,144,970	13,581,858

[1] Includes undeveloped land, developed land with vacant buildings, and vacant portions of buildings.

[2] "Use area" is considered to be that portion of a parcel that is necessary for conducting business, whether indoors or out, generally excluding parking, landscaping, etc.

[3] Districts are defined in the following ways (also see map at back of report):

Downtown - Bounded by Simon, Peralta, Main, Hazel, Foothill Boulevard, City limits, A Street, Fourth Street, D Street, Second Street, E Street, Jackson, and W.P.R.R. (entire Tract 4354).

Southland - Bounded by Winton Avenue, Southland Drive, LaPlaya Avenue, and Hesperian Boulevard.

Mission Boulevard - Mission Boulevard between Devon Drive and Sorenson Road.

Rest of City - All commercially zoned areas not included in any of the above.

TAXABLE SALES BY DISTRICTS

Methodology

The data included in this section was obtained from the Tax & License Division of the Hayward Finance Department for the year 1974. While information provided by the U.S. Bureau of the Census and the State Board of Equalization is generally more complete, information from these sources is not available on a district basis.

Concerning the use of the Tax & License data, the following qualifications should be noted:

1. The ordinance governing business licenses exempts the sale of liquor from the requirement that all sales be reported. However, though all merchants have been notified of this exemption, it is thought that some continue to report sales of this item. Unfortunately, it is impossible to estimate what proportion of sales include liquor.

   The exemption affects the sale figures for the following categories: General Merchandise, Drug Stores, Food Stores, Packaged Liquors, Eating & Drinking Places.

2. Sales figures analyzed include only those reported to Tax & License Division for business license tax purposes. Any establishments whose sales are more then the maximum amount taxed and have not submitted exact sales figures are excluded. Any establishments whose tax is based on criteria other than sales and who have not submitted sales figures are excluded. Any establishments which have not submitted sales figures are excluded.

3. Because sales figures were obtained only for businesses identified and classified in the land use study, two problems resulted. First, any commercial establishment which went out of business in the year intervening between the time the land use study was done and the time for which the sales figures were obtained was not represented in the sales totals. Though these businesses were identified as part of the land use survey, they did not report sales for 1974. Second, any businesses which became established in 1974 were not, of course, included in the land use study and were not, therefore, reported in this table.

Analysis

The following chart shows retail sales for various districts in the City.

Based on the frequency of purchases made, retail sales can be classified as convenience goods or shopper goods. Convenience goods are generally bought close to home and shoppers goods tend to be bought in areas where comparison shopping can be easily done.

In shoppers goods categories (generally categories such as apparel, general merchandise, home furnishings, eating and drinking places), Southland, by itself, and in conjunction with Downtown, "captures" most of the market. In "Apparel", the two sell 97% of these items that are sold in the City. Southland alone sells 77% of these items. In "General Merchandise", the two account for 84% of the sales; Southland accounts for 62%. However, for both "Eating & Drinking Places" and "Home Furnishings", these two areas take less than 50% of the sales (39% and 22% respectively).

Concerning the convenience goods market, "Rest of the City" appears, as expected, to "capture" most of these sales.

While there has been some speculation that Downtown is beginning to serve the role of a neighborhood shopping center, the figures shown in the following table appear to discount that conviction since Downtown still provides a substantial market for shoppers' goods. Downtown has 23% of the Eating & Drinking sales, and the trade in "Apparel" goods and "General Merchandise" is still significant. In the "Wholesale & Services" category, Downtown "captures" almost 50% of the market. This indicates that while it may not be the center of South County retailing that it once was, the area is still a very significant economic force in the City.

TABLE 3

Taxable Sales by Districts, City of Hayward, 1974

	Downtown	Southland	Mission Boulevard	Rest of City	Totals
Apparel	$ 4,105,799	$15,370,938	$ 60,000	$ 530,803	$ 20,067,540
General Merchandise	14,647,646	42,212,009	6,232,050	4,523,859	67,615,564
Drug Stores	583,295	3,080,122	-	8,931,114	12,594,531
Food Stores	3,364,270	7,051,216	-	47,638,238	58,053,724
Packaged Liquors	85,200	-	-	2,294,457	2,379,657
Eating & Drinking Places	4,315,950	2,949,374	25,000	11,317,429	18,607,753
Home Furnishings	1,628,382	652,592	445,176	7,778,119	10,504,269
Building Materials	1,685,037	-	-	2,143,722	3,828,759
Auto Dealers	13,795,950	-	3,607,794	47,154,020	64,557,764
Service Stations	884,003	-	379,280	8,821,368	10,084,651
Other Retail	5,335,708	5,719,151	948,164	9,568,175	21,571,198
Total Retail	$50,431,240	$77,035,402	$11,697,464	$150,701,304	$289,865,410
Wholesale & Services	14,378,019	1,117,725	410,770	15,650,981	31,557,495
TOTAL ALL OUTLETS	$64,809,259	$78,153,127	$12,108,234	$166,352,285	$321,422,905

Source: City of Hayward, Tax & License Division

TAXABLE SALES PER SQUARE FOOT OF "USE AREA"

While gross sales indicate the strength of a district in absolute terms, a better measure of the efficiency of the individual commercial areas and establishments is sales per square foot of "use area". This factor discounts the effects of the size of the districts discussed and instead indicates a rate of return per square foot of development.

It is interesting to note that though Southland has the highest sales per square foot, the difference between their sales per square foot and other areas, particularly Downtown, is relatively close. What this probably means is that many of the weaker downtown retailers noted in the land use survey of 1973 lacked the vitality to remain in business through 1974 and were thus not included in the sales per square foot figures; that while vitality of downtown business varies considerably, it is still possible to efficiently merchandise in the district; and that Capwell's has a significant influence on downtown economic statistics.

TABLE 4

Taxable Sales per Square Foot of "Use Area", City of Hayward, 1974[1]

	Downtown	Southland	Mission Boulevard	Rest of City	Totals
Apparel	$ 53.87	$ 81.69	$12.53	$ 51.94	$ 71.83
General Merchandise[2]	71.26	60.82	64.01	79.06	64.14
Drugs[2]	54.31	69.52	-	110.18	92.54
Food Stores[2]	119.55	150.80	-	160.20	155.94
Packaged Liquors[2]	31.56	-	-	64.44	62.12
Eating & Drinking Places[2]	62.60	68.06	21.85	69.18	67.17
Home Furnishings	38.97	76.10	11.33	81.71	56.13
Building Materials	54.36	-	-	92.01	70.51
Auto Dealers	59.51	-	29.58	54.52	52.97
Service Stations	9.78	-	17.16	12.65	12.45
Other Retail	48.58	115.09	30.90	24.51	37.15
Total Retail	$ 56.07	$ 71.67	$36.86	$ 72.76	$ 57.88
Wholesale & Services	62.79	62.55	56.09	39.47	48.50
TOTAL	$ 57.43	$ 71.52	$36.29	$ 53.45	$ 56.72

[1] The taxable sales per square foot information reported in this table was derived from Table 2 which presents district taxable sales for the establishments reporting usable data to the City Tax & License Division and from the corresponding square feet of "use area" for those establishments, and reported below. Differences between the "use area" indicated below and those reported in Table 1 indicate the square footage of commercial establishments not providing usable information for the purposes of deriving these Tables 2 and 3:

Square Footage of "Use Area" Reporting Usable Data
on Taxable Sales, City of Hayward by Districts, 1973

Category	Downtown	Southland	Mission Boulevard	Rest of City	Total
Apparel	76,210	188,168	4,790	10,220	279,388
General Merchandise	205,560	694,009	97,360	57,220	1,054,149
Drugs	10,740	44,304	-	81,060	136,104
Food Stores	28,140	46,760	-	297,376	372,276
Package Liquor	2,700	-	-	35,608	38,308
Restaurants	68,950	43,335	1,144	163,598	277,027
Home Furnishings	44,090	8,575	39,275	95,197	187,137
Building Materials	31,000	-	-	23,300	54,300
Auto Dealers	231,810	-	121,983	864,856	1,218,649
Service Stations	90,400	-	31,100	697,220	818,720
Other Retail	109,844	49,693	30,684	390,360	580,581
Total Retail	899,444	1,074,844	326,336	2,716,015	5,016,639
Wholesale & Services	228,978	17,870	7,323	396,499	650,670
TOTAL	1,128,422	1,092,714	333,659	3,112,514	5,667,309

[2] Sales per square foot in these categories may not accurately reflect gross sales due to the fact that liquor sales are not reported to the Tax & License Division in accordance with the City of Hayward Business License Ordinance.

COMPARISON OF VARIOUS CITIES

In the following tables, the cities of Oakland, San Leandro, Fremont, and Berkeley are compared to Hayward on the basis of taxable sales and per capita taxable sales. All of the cities are in Alameda County, west of the East Bay Hills. Oakland is the largest city in the sample and is the County's central city. San Leandro is situated just to the north of Hayward, and of all of the cities reviewed, is most similar to Hayward. Fremont, at the southern end of the County, is the fastest growing city in the County and represents more suburban conditions. Berkeley has a large student population which, though much larger than Hayward's, allows the only intra-county comparison of the affects of this segment of the population on retail sales.

In terms of actual dollars, Oakland leads in all categories except "Building Materials". Since Oakland has three times the population of any of the other cities, one might have expected that Oakland would also lead in this category. San Leandro, on the other hand, has the smallest population and leads in sales of "Building Materials". While the reasons for this are unclear, one possible explanation is related to land values and property tax rates. Those establishments included in the "Building Materials" category generally need quite a bit of land to conduct business. Land values are thus critical and property tax rates must be low. San Leandro has the lowest property tax rate in the area. Berkeley, which has the fewest sales in this category, has the highest tax rate of the cities compared.

One interesting finding of the comparison is that in the "Total Retail" category, Hayward and San Leandro, fourth and fifth in terms of population, rank second and third. In the "Total All Outlets" category, these two cities are able to "capture" more of the market than would be expected. On a per capita basis, this thesis is borne out by the fact that San Leandro and Hayward are ranked first and second respectively, in both the "Total Retail" and "Total All Outlets" categories.

By keeping its property tax rates low, San Leandro has evidently also attracted industry and commerce to that city, and those employers have in turn attracted additional business establishments interested in selling goods and services to those workers.

Hayward, which started later in expanding its industrial base than San Leandro, has also done well in this area. Hayward has been fortunate to have a major regional shopping center locate within its boundaries. Southland is located close to the industrial districts and has freeway access. This combination increases the likelihood that those employed in the industrial districts will find shopping in Hayward desirable.

Berkeley and Fremont, third and second in population respectively, rank fourth and fifth in terms of total sales. These rankings probably occur for two entirely different reasons. Berkeley has a large lower-income population and a large student population. These groups tend to spend more of their dollars on convenience goods rather than on shoppers' goods. Berkeley seems to do better in the convenience goods categories. However, students who are generally of moderate income do not necessarily spend their money as would other moderate income people. Thus, in "Apparel" and "Eating and Drinking Places", both shoppers' goods, Berkeley ranks third and second. Fremont, being a fairly recently settled suburban area does its best in convenience goods. There is little industry in Fremont and not a great deal of employment--most of its residents are commuters. In addition, Fremont is situated between older, more established communities, which have their own commercial centers, and to which there is easy access for Fremont residents.

TABLE 5

Taxable Sales (in thousands of dollars), Selected Cities, 1974

Category	Oakland	San Leandro	Fremont	Berkeley	Hayward
Apparel	$ 47,012	$ 6,990	$ 9,068	$ 14,857	$ 21,442
General Merchandise	131,788	39,222	40,313	13,614	81,834
Drug Stores	16,527	6,531	8,750	6,688	6,107
Food Stores	51,256	21,359	23,189	15,724	17,643
Packaged Liquor	32,774	4,672	6,468	10,382	5,988
Restaurants	95,837	22,429	21,958	34,766	27,118
Home Furnishings	37,186	17,825	8,435	10,568	9,866
Building Materials	30,371	43,587	15,585	7,943	15,505
Auto Dealers	135,535	36,817	42,620	31,312	61,207
Service Stations	77,784	19,078	22,991	17,210	23,700
Other Retail	103,164	15,971	15,926	38,418	35,986
Total Retail	$ 759,234	$234,481	$215,303	$201,482	$306,396
Wholesale & Services	432,889	267,078	48,560	90,751	117,523
TOTAL ALL OUTLETS	$1,192,123	$501,559	$263,863	$292,233	$423,919

TABLE 6

Taxable Sales per Capita, Selected Cities, 1974

Category	Oakland	San Leandro	Fremont	Berkeley	Hayward
Apparel	$ 138.43	$ 103.25	$ 78.44	$ 136.55	$ 227.86
General Merchandise	388.07	579.35	348.73	125.13	869.65
Drugs	48.67	96.47	75.69	61.47	64.90
Food Stores	150.93	315.49	200.60	144.52	187.49
Package Liquors	96.51	69.01	55.95	95.42	63.63
Restaurants	282.21	331.30	189.95	319.54	288.18
Home Furnishings	109.50	263.29	72.97	97.13	104.85
Building Materials	89.43	643.83	134.82	73.01	164.77
Auto Dealers	399.10	543.83	368.69	287.79	650.45
Service Stations	229.05	281.80	198.88	158.18	251.86
Other Retail	303.78	235.91	137.77	353.11	382.42
Total Retail	$2,235.67	$3,463.53	$1,862.48	$1,851.86	$3,256.07
Wholesale & Services	1,274.70	3,945.02	420.07	834.11	1,248.92
TOTAL ALL OUTLETS	$3,510.37	$7,408,55	$2,282,55	$2,685.97	$4,504.98

Sources: State Board of Equalization, "1974 Report of Taxable Sales", California Population Research Unit, "Population Estimates of California Cities and Counties 1/1/74 and 1/1/75".

TRENDS IN HAYWARD

In the last fifteen years, taxable sales in Hayward have increased a considerable amount in actual dollars as shown in the following table. Even discounting the effects of inflation, as shown in Table 8, Hayward's total taxable sales and the City's taxable sales in nearly all categories have increased at a faster rate than the City's population.

TABLE 7

Taxable Sales 1960, 1965, 1970 and 1975, City of Hayward

(in thousands of dollars)

Actual Dollars	1960	1965	1970	1975
Apparel	$ 9,276	$ 13,732	$ 16,534	$ 23,970
General Merchandise	27,734	50,158	62,167	86,471
Drugs[1]	7,071	4,737	4,577	6,674
Food Stores	6,058	9,105	13,905	18,622
Package Liquors	2,439	3,781	4,963	6,316
Restaurants[2]	6,463	10,220	15,881	29,453
Home Furnishings	5,076	6,362	8,578	11,094
Building Materials	3,662	4,045	9,143	17,231
Auto Dealers	21,704	37,919	42,038	72,861
Service Stations[2]	1,965	1,637	2,188	25,727
Other Retail	5,456	9,072	18,941	39,990
Total Retail	$ 96,904	$150,768	$198,915	$338,409
Wholesale & Services	21,468	42,718	61,674	133,816
TOTAL	$118,372	$193,486	$260,589	$472,225

[1] Prescription medicines were exempted from sales tax in 1962.

[2] Hot, take-out food from restaurants and gasoline became taxable in 1972.

TABLE 8

Taxable Sales in Constant Dollars
1960, 1965, 1970 and 1975, City of Hayward

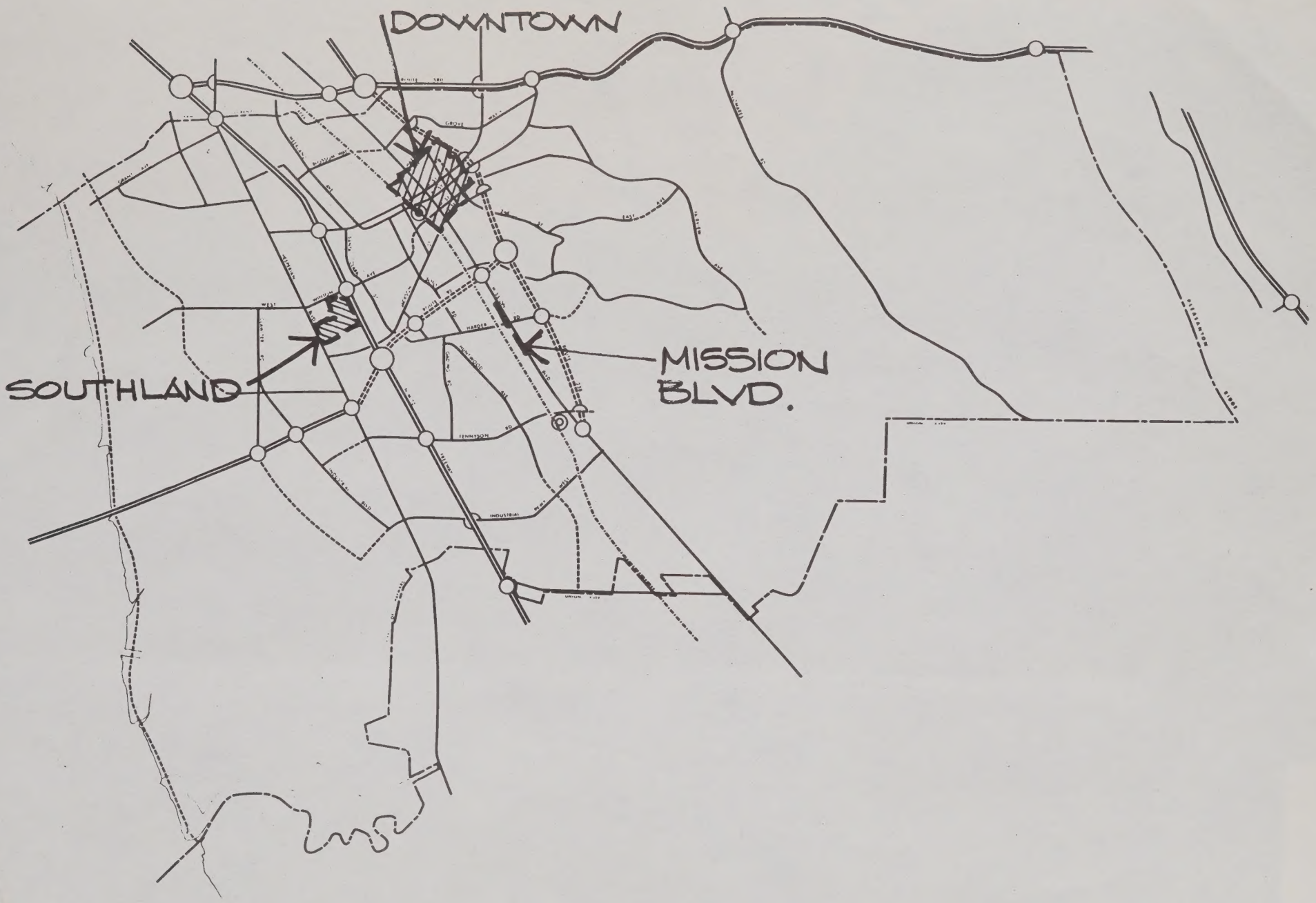
(in thousands of dollars)

Constant Dollars 1967 = 100	1960	1965	1970	1975
Apparel	$ 10,565	$ 14,501	$ 14,278	$ 14,598
General Merchandise	31,588	52,965	53,685	52,662
Drugs[1]	8,054	5,002	3,953	4,065
Food Stores	6,900	9,615	12,008	11,341
Package Liquors	2,778	3,993	4,286	3,847
Restaurants[2]	7,361	10,792	13,714	17,937
Home Furnishings	5,781	6,718	7,408	6,756
Building Materials	4,171	4,271	7,896	10,494
Auto Dealers	24,720	40,041	36,302	44,373
Service Stations[2]	2,238	1,729	1,889	15,668
Other Retail	6,214	9,580	16,357	24,354
Total Retail	$110,370	$159,207	$171,776	$206,095
Wholesale & Services	24,451	45,109	53,259	81,496
TOTAL	$134,821	$204,316	$225,035	$287,591

Parts may not add to equal totals due to independent rounding.

[1] Prescription medicines became exempt from sales tax in 1962.

[2] Hot take-out food from restaurants and gasoline became taxable in 1972.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